

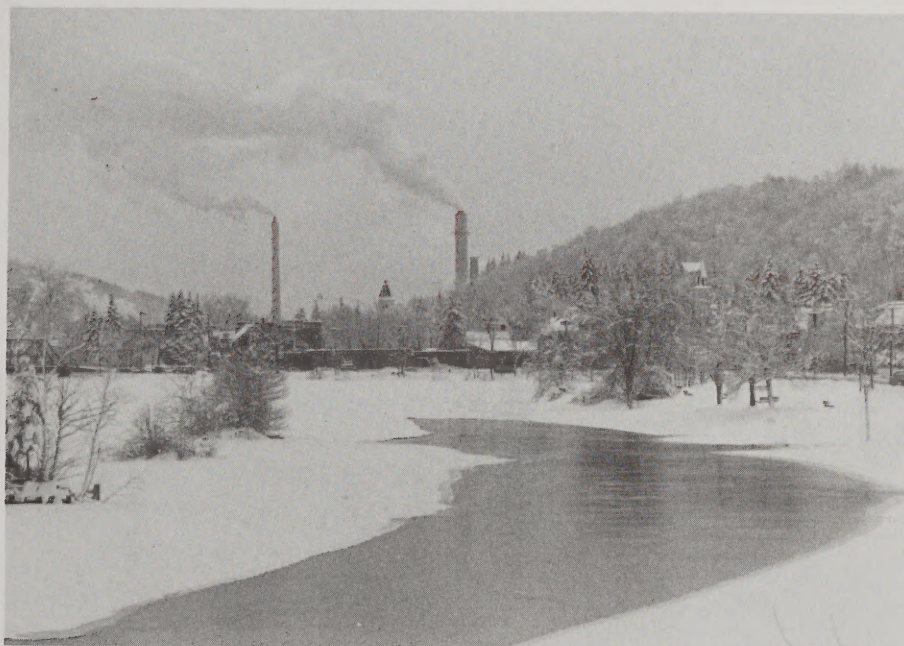
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Berlin, New Hampshire

ANNUAL CITY REPORT

Fiscal Year July 1, 1992 - June 30, 1993

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**LOCAL GOVERNMENT
PROVIDING SERVICES**

MAYOR AND CITY COUNCIL

MAYOR

OUELLET, Leo G.

ADDRESS

275 Finland Street

TELEPHONE

3911

COUNCIL

WARD I

DUSSAULT, Gerard J.
GOULETTE, Roland A.

107 Mannering Street
562 Glen Avenue

6019
2526

WARD II

COLE SR., Merle S.
RAMSAY JR., Richard H.

32 Jasper Street
283 High Street

1126
5175

WARD III

WISWELL, James P.
LaROCHE, Dennis R.

14 Dustin Street
291 Norway Street

2853
3237

WARD IV

COLLINS, Daniel T.H.
GRENIER, Paul R.

534 Champlain Street
492 Champlain Street

3225
4693

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REPORT PREPARED BY:

DEBRA PATRICK
Executive Secretary
to the City Manager

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MAYOR'S REPORT

Respectfully submitted by,

LEO G. OUELLET
Mayor

This was an exceptional year for the City of Berlin. The national recession plus downsizing at James River, put a lot of pressure on the City budget for the following reasons:

- 1) Our tax base has stopped growing.
- 2) The revaluation of all properties caused us problems at a time we could least afford it.
- 3) All City department budgets were frozen which caused hardship to many.

Although our City Council remains divided on many issues, we were still able to move forward in many areas such as:

- 1) Guitabec Inc. moved into our Industrial Park.
- 2) We reorganized our budget to show the full and true costs of each department.

3) We fully repaired the Cascade Bridge.

4) We approved an Airport Master Plan which holds much promise for the future.

5) We moved forward to complete our long delayed sewer budget.

6) We developed the new Gazebo Park into something attractive as Berlin's entrance.

7) We were able to keep our waste facilities open an extra year and saved \$100,000 for the Berlin taxpayers.

8) We renewed the Tondreau Park lease for another 50 years.

9) We assisted in opening a Snowmobile Trail into Berlin.

10) We pushed for a fuller implementation of the Right-to-Know Law for more

open government.

11) We move forward in improving our Water Department to the tune of \$3,000,000. as a big first step.

12) Although we are involved in many lawsuits, mostly police, we are moving forward to resolve them.

Finally, with Council cooperation, we were able to keep our budget at last year's level and because of revaluation, substantially reduce our tax rate

CITY MANAGER'S REPORT

Respectfully submitted by,

MITCHELL A. BERKOWITZ
City Manager

The past year has been one that continues a trend for Berlin consisting of many challenges with few resources available to take advantage of, let alone demonstrate many successes. We saw efforts throughout various departments to continue improving government and we witnessed islands of successes and wish to report some of these to you.

◆ The City completed its fiscal year with a sufficient surplus that permitted over \$602,000 to reduce taxes while maintaining \$400,000 in our unappropriated surplus, plus overlays. These balances will assist the City should the revaluation appeals require adjustments and abatements.

◆ Operationally, the City Council made a tough fiscal decision which resulted in a reduction of one full-time position in both the Police and Fire Departments. Department personnel have adapted to this change and continue to provide municipal safety services though further limited as of this decision.

◆ Our Public Works Department personnel met several times in a joint labor-management effort which has resulted in the curb side refuse pick up that was condensed from five days to four thereby permitting the deployment of refuse crews on Fridays for other functions including the expansion of recycling to commercial property owners.

◆ Policy issues topped the agenda of the year. Decisions were made for full compliance

with the Surface Water Treatment Rule which will require an investment of 18 Million Dollars by the time the Water Works is done.

◆ The sludge from the treatment plants (water/sewer) were the subject of Engineering review and investments which continue. We will be investing in new centrifuges as well as connecting the water treatment plant to the sewer system for sludge processing.

◆ The City continued to improve its sewer system with the contractor working through the summer and will continue into 1994 to assure that the City complies with the State regulations on separation of the sanitary and storm drain systems. The City will then move into a full inflow/infiltration program to assure continued compliance.

◆ The Airport Authority completed both the Hazard Beacon and Master Plan projects and will now move into the design and construction phases for the runway extension project.

◆ Volunteers contributed valuable time and interest in programs and activities in Recreation & Parks, Library and Schools and with the rehabilitation of the Glen Avenue Park, the Tondreau Park and the tree commission.

◆ Economic and Industrial Development lacked the luster the City was anticipating due to a tough national economy which demonstrated minimal business

expansion in the region. Despite this, we witnessed the opening of Guitabech USA and the expansion of the Balsams Water Company both in the City's Industrial Park.

A final point of involvement by the City was through both the Federal Energy Regulatory Commission pertaining to the private Hydro-electric facilities and the Northern Forest Lands Council. Secondly, our participation as a member of the citizens group which ultimately recommended a Conway traffic solution appeared to have success and we will continue to monitor these issues that could impact Berlin's growth.

Berlin continues to be challenged and any success comes only after years of investment; history clearly indicates this. It also tells us that we must continue to work in unison with local government if we are to take full advantage of opportunities as they present themselves. Together we can develop improved local government investments and services.

CITY ASSESSOR'S REPORT

Respectfully submitted by,

RICHARD J. STAPLETON,
CNHA
City Assessor

SUMMARY INVENTORY OF TAXABLE PROPERTY APRIL 1, 1993

As the Summary below illustrates, the Gross Valuation of the City for Tax Year 1993 is \$418,346,450. The resultant tax (mill) rate, computed by dividing the Appropriations by the Net Valuation is \$.0279 or \$27.90 per thousand dollars of valuation.

Land	\$37,649,400.	
Building	297,765,650.	
Public Utilities	82,931,400.	
GROSS VALUATION		\$418,346,450.
Blind Exemptions	345,000.	
Elderly Exemptions	3,425,300.	
Physically Handicapped Exem.	31,700.	
Water/Air Poll. Cont. Exem.	28,776,800.	
TOTAL EXEMPTIONS		32,578,800.
NET VALUATION		\$385,767,650.
	EXEMPTIONS GRANTED	
TYPE	NUMBER	TAX DOLLARS
Elderly	192	\$ 95,566.
Blind	23	9,626.
Physically Handicap	6	884.
Water/Air Pollution Control	5	802,873.
Veterans	945	51,150.

Last year as we submitted our Annual Report, we were in the midst of remapping and revaluation that had been ordered by the Board of Tax & Land Appeal. We can now report that the maps have been completed and are in our possession. The 1993 tax bills, which have been sent, were based upon the results of Sabre Systems Inc. new revaluation.

We can now report that all departments have access to our new maps and most recently, the Police Department utilized the maps to provide security for the Michael Durant Parade.

The Board of Assessors have received requests for abatements from taxpayers and are now in the process of evaluation the merits of each request. They will endeavor to reply to all requests by April 29, 1994.

BERLIN HOUSING AUTHORITY

Respectfully submitted by,

DONALD MANGINE
Executive Director

Continued Program Growth

In 1992, the Authority was awarded an additional 24 units of Section 8 housing, bringing to 371 the total number of units in the Authority's assisted housing programs. Included in the 1992 awards were 10 rental certificates tied to one of HUD'S latest initiatives, the Family Self-Sufficiency Program (FSS).

Rental assistance payments made in 1992 to private landlords on behalf of low-income households participating in the Authority's Section 8 housing programs (certificates, moderate rehabilitation and vouchers) amounted to nearly \$710,000, up \$39,000 from the total the Authority paid out in 1991.

Program utilization at year's end was at 98 percent, with 347 units allocated to the Authority under lease at December 31; at the close of 1991, 99 of every 100 units were under lease.

Russell Kinney of Pershing Avenue was reappointed to the Authority's board on November 16. He has been a member of the Authority since 1989 and serves as its Vice-Chairman.

CONSOLIDATED BALANCE SHEET (as of December 31)

ASSETS	1991	1992
Cash	65,864	66,249
Security Deposits	1,931	3,484
Accounts Receivable	2,962	18,340
Investments	191,000	200,000
Debt Amortization Funds HUD Contributions Receivable	78,323	78,323
Prepaid Insurance	2,189	1,227
Land, Structures & Equipment	1,383,617	1,417,585
TOTAL ASSETS	1,725,886	1,785,208
LIABILITIES	1991	1992
Accounts Payable	1,266	
Accrued Liabilities	5,262	10,660
Notes Payable	868,365	847,355
Prepaid HUD Contributions (Net)	7,871	(6,580)
TOTAL LIABILITIES	882,764	851,435
EQUITY	1991	1992
Operating Reserves	249,548	285,220
Cumulative HUD Contributions (Net)	593,574	648,553
TOTAL EQUITY	843,122	933,773
TOTAL LIABILITIES & EQUITY	1,725,886	1,785,208

CITY CLERK'S REPORT

VITAL STATISTICS

Respectfully submitted by,

LISE MALIA
City Clerk

	1990 - 1991	1991 - 1992	1992-1993
Births	155	153	173
Marriages	119	72	70
Deaths	150	119	148

Clerk: Debra Patrick

I am pleased to submit the City Clerk's Report for the Fiscal Year ending June 30, 1993, summarized as follows:

- Assisted in the preparation of the agenda for regular Council Meetings.
- Attended regular and special meetings of the City Council, recorded the minutes and indexed same.
- Published notices of public hearings for proposed ordinances and public meetings.
- Indexed and filed resolutions, ordinances, city deeds and leases, agreements and other City-related miscellaneous records.
- Filed and indexed public records, such as State liens, Articles of Agreements, Pole Licenses, etc.
- Provided copies of minutes of meetings, ordinances, resolutions, and other public records.
- Administered oaths of office.
- Notarized documents and affidavits for City departments and public.
- Issued a variety of licenses and permits.
- Sold cemetery plots and issued grave digging orders.
- Assisted in genealogy research.
- Accepted voter registrations and changes in party affiliations throughout the year.
- Arranged for public sessions for supervisors of the voter check lists.
- Researched State law and other records for City departments.

Collection Clerks Elaine Tremblay and Colleen Poulin performed other activities on behalf of the City Clerk, including the licensing of three hundred and sixty-one dogs as well as issuing fish and games licenses. Ms. Poulin also processed two hundred eighteen UCC filings and twenty-four UCC terminations.

Additionally, the City Clerk's office issued marriage licenses, certified copies of vital records, processed birth and death records, and filed applications for amendments to vital records and also processed "delayed certificates of birth".

CITY WELFARE DEPARTMENT

Respectfully submitted by,

ANNETTE LANGEVIN
Administrator
of Welfare

The Welfare Department provides General Assistance to individuals in the City who lack sufficient resources for their basic needs. General Assistance is temporary, emergency aid to sustain a person or their household until they can apply for, be found eligible and begin receiving aid from state and federal programs. It is longer term assistance as a last resort for applicants who are not eligible for aid from another source for one reason or another. General assistance is administered in compliance with the New Hampshire Welfare Laws and with written guidelines adopted by the City Council. All assistance is granted in the form of purchase orders and not by direct cash payments.

The department also directs a Work Program. Recipients who are able to work are assigned to City Departments or non-profit organizations to work off the amount of assistance received on a weekly basis. Established in 1982, the program continues to be an important integral part of the administration of general assistance. Another activity of the Department is providing information, counseling and referrals to appropriate agencies for additional aid.

The following statistics represent
some of the activities of the Department
for the Fiscal Year
July 1, 1992 through June 30, 1993:

Office Visits	4,098
Cases Interviewed	264
Cases Assisted Financially	135
Families	23
Singles	112
Welfare Orders Issued	2,393
Hours Worked on the Workfare Program	13,198

ENGINEERING & POLLUTION CONTROL

Respectfully submitted by,

SKIP HAZEN, P.E.
City Engineer

Meeting Needs for Our Community

The encouraging news is a better balance between municipal services, environmental roles and concerns and a sensible expenditure of tax dollars. The balance has developed as our City is under the effect of reduced funding for improvements with no corresponding reductions in requirements to meet current environmental standards and to meet updated methods of operations.

The results of FY 92/93 are positive and they have been achieved by getting things done through good efforts in communications, teamwork and an overall desire to be of more service to our customer.

★ Pollution Control:

. Awarded a contract for the design of the aeration system upgrade.

. Awarded a contract for the

modifications of the sludge dewatering system to meet acceptable percent solids at the landfill.

. Completed a contract for the Watson Street pump station to reduce electrical demand with variable speed electrical controls.

. Purchased two new dump trucks to replace worn and less efficient fourteen year old units.

. Awarded a sanitary sewer separation contract to reduce unauthorized flow to City waterways. 164 houses were removed from the storm flow system and flow is now directed to the plant.

★ Public Works:

. Completed City Garage renovations to meet new air standards. New heating and lighting systems have increased operating efficiency.

★ Landfills:

. Promoted activity on recycling by implementations of an annual permit procedure.

. Continued the process for closing the East Milan Landfill by interviewing engineers for capping and final closure.

★ City Mapping:

. Completed a contract for updating the City map system for tax records and future applications of GIS.

★ City Hall:

. Completed City Hall handicapped access and a lift system to upper floors.

★ Streets & Bridges:

. Completed a bridge repair contract at Cascade Street in joint effort with the Town of Gorham.

. Completed street work at Washington and Brett Street locations. Guard and hand rails were installed at Denmark Street.

In setting goals for the Engineering and Pollution Control Departments, it is necessary to stress the following:

★ Include essential services that improve community quality of life based on a balance of need and cost.

★ Maintain a continuity of plans that balance where our community is and where our community would like to be in the year 2000.

★ Include the input and participation of an informed public so they are heard and we are accountable.

The Public Works Department provides a number of services to the citizens of Berlin. They include: the maintenance of some 60 miles of streets, many more miles of sidewalks that need to be swept, patched and overlaid. We also provide snow removal, street stripping, street marking, the fabrication and installation of street and traffic signs. We construct retaining walls, install guard rails and guard fence. We provide the City with daily garbage removal, a clean-up week in the spring and fall. We maintain the East Milan Landfill and the Cates Hill Landfill, and three cemeteries. We also maintain sewerage treatment and collections, and the storm sewer system. We provide equipment maintenance for all of the Public Works Department, Fire Department, Recreation Department, Health, Police Department and Engineering Department, we assist at the airport and we maintain gas and fuel distribution.

The Public Works Department recycles paper, glass and plastics, tin, aluminum and cardboard.

We linseed-oiled concrete sidewalks, retaining walls, and bridges.

The department completed 29 concrete sidewalk wheelchair ramps. They also constructed 448 linear feet of concrete sidewalks. The department also installed 165 feet of guard/hand rails on Denmark Street.

The ventilation system at the Public Works Garage was completed.

PUBLIC WORKS DEPARTMENT

Respectfully submitted by,

MAURICE WHEELER
Public Works Director

Repaired catch basins & manholes	68
Rebuilt manholes & catch basins	10
New catch basins & manholes	5
Replaced drain lines & new drain lines	835'
Replaced sewer lines	93'
Replaced service lines	117'
Salt for winter use	1759.70 tons
Sand for winter use	2814.96 tons
Cover for East Milan Landfill	15,000 cy.
Street signs installed & repaired	407
Spring Clean Up Week	492 calls
Fall Clean Up Week	379 calls
Responded to Private Sewer Calls	33

NEW EQUIPMENT PURCHASED THIS YEAR INCLUDED:

1 - Used Grader

BERLIN FIRE DEPARTMENT

Respectfully submitted by,

PAUL E. FORTIER
Fire Chief

The Berlin Fire Department has continued to provide necessary emergency services to the citizens of Berlin for protection from fire, hazardous materials, performing emergency rescue services for persons trapped or in life threatening situations and also mitigating potential pollution problems when spills and leaks threaten our rivers and ground. Fiscal Year 1993 has been one of the busiest years in the past decade including a tragic house fire in April resulting in one fatality. This fiscal year also saw the signing of an agreement for mutual aid with the James River Hazardous Materials response team. This team will now respond off-site as well as on-site with the Fire Department to mitigate hazardous materials emergencies.

The Fire Prevention & Training Bureau has been involved with code related plans reviews and inspections relating to the new buildings constructed

on Main and Pleasant Streets as well as numerous smaller projects. The #11 CRU Boiler rebuild project at James River Corporation was a major project relating to fire code review and enforcement and was taken as an important training opportunity for the department to inspect and tour as this project progressed.

The two persons assigned to the Electrical Systems Division provided never ending electrical maintenance and repair to all City buildings as well as the City fire alarm, radio and traffic light systems.

The members of the Berlin Fire Department serve the citizens that are it's duty to protect with a commitment to provide professional, dedicated and efficient service.

The following is a summary of Berlin Fire Department Calls for FY 1993:

Structure Fire	39
Outside of Structure	3
Vehicle Fire	13
Brush/Grass	20
Trash/Dumps	9
Arching/Shorted Elec. Equipment	13
Excessive Heat/No Fire	5
Water/Smoke Removal	39
Rescue/Extrication	32
Spills/Leaks	84
Stand-by	24
Malicious False	29
Unintentional False	88
Good Intent	35
No Service	4
Other	13
TOTAL	450

The following is a summary of the Fire Prevention Bureau inspections:

Places of Assembly	38
Oil Burning Equipment	93
L.P. Gas	9
Multi-Residential	8
New Construction	65
Wood Burner/Chimney	25
Health Care	17
Miscellaneous	32
Complaints Investigated	12
Industrial	28
Foster Homes	11
Day Care	7
Alarm Inspections	37

**BERLIN
POLICE
DEPARTMENT**

Respectfully submitted
by,

**ALAN TARDIF
Berlin Police Chief**

The Berlin Police Department has as its primary purpose, the preservation of peace protection of life and property in a manner consistent with the freedoms secured by the Constitution. City policing entails much more than law enforcement and control of crime. Police are called upon to resolve family problems, deal with various other citizen conflicts and to respond to a miscellany of non-criminal emergencies. Many of which pose a serious threat to persons and property. Contrary to most governmental agencies, the police are on duty available to provide assistance to the public on a twenty-four hour basis every day of the year.

In spite of difficulties caused by reduced funding, the Department has continued its commitment in the fight against illegal drug use. This past year, Sgt. Roland Drapeau reduced operational costs for the City by taking part in the State of NH Surplus Distribution program. The surplus program offered to Law Enforcement

Agencies only, is designed to enhance narcotic eradication efforts. A 1987 Dodge van was just one item Sgt. Drapeau was able to appropriate. Through the efforts of some Berlin merchants, organized by Officer Tim Bruns, the van was transformed into the City's "Dare" van.

Deputy Chief Ron Devoid continues to aggressively pursue relief grants such as "Drug Awareness Resistance Education", "Chemical Free Festivity" for the graduating class, "Selective Enforcement" patrols, and "DWI" patrols. These relief grants help to supplement the Department's efforts in apprehension of the violators, proliferate drug education, and to increase highway safety awareness.

The officers and civilian personnel of the Berlin Police Department provide a wide variety of services for residents and individuals employed within the City. The majority of the workload is received in the form of a call for service either by telephone or in person.

HEALTH DEPARTMENT

Respectfully submitted by,

ROBERT A. DELISLE
Health Officer

The Health Department is an integral part of the City Government; however, in many respects, this Department is uniquely different from the other Departments. The service we provide serves every citizen of the city, regardless of socioeconomic status. Unlike the medical and social services limited to particular segments of the population, Berlin Public Health Services protect all residents of the City.

Most of our functions are based on City Ordinances and State Statutes and Charter which were established to safeguard the public. We are required to carry out public safety and health functions and meet the standards established by City Ordinances and State Law.

A Hallmark of the Health Department's services is its diversity. Every individual in the City of Berlin will somehow come in contact with the Department. We are notified of your birth and information from your death certificate is filed with us. We may immunize your children; we may help you or your family with any disease outbreak; assist you with a handicapped person; inspect

the hospital to which you are sent when you become ill; and possible render nursing services, physical and/or occupational therapy services, and homemaker/home health aid services in your home once you are discharged from a hospital or other health care facility.

We inspect and license the ambulance service as well as the attendants, assuring that (1) each ambulance meets all standards required by City Ordinance and State Statutes; and (2) the attendants are appropriately trained to function in this service that you or your loved ones may require.

We offer a variety of outpatient services; blood pressure, cholesterol screening, diabetes screening, flu vaccine and immunization clinics, to name a few.

This Department issues building, electrical and plumbing permits, and performs necessary follow-up inspections on permits issued. We also do all necessary inspections for the Berlin Housing Authority.

Although these functions are diverse, we at the Health Department share professional backgrounds and a common commitment to the health and safety of the citizens of this City.

With your support, we continue to provide needed services to assist the citizens of Berlin towards a goal of optimal health.

INSPECTION SERVICES OF DEPT.	
Restaurant Licenses Issued	30
Ambulance Services Licensed	1
Ambulance Vehicles Licensed	3
Ambulance Attendants Licensed	11
Child Care Facilities	3
MEDICAL-CLINICAL SERVICES	
Number of Office Patients	1364
Number of Office Visits	2897
IMMUNIZATIONS & TESTS	
Oral Polio	57
DTP Injections	61
Measles, Mumps, Rubella Vaccine	254
TB Mantoux Tests	430
Td Injections	137
Infant Hep B	4
HIB Injections	35
CLINIC ATTENDANCE RECORD	
Cardiac Clinic	12
Genetic Clinic	6
Flu Vaccine	620
Immunization Clinic	13
Hepatitis B	380
PUBLIC HEALTH NURSING	
Home Nursing Visits	6065
Home Nursing Patients	250
Physical Therapy Visits	336
Occupational Therapy Visits	85
Home Health Aide Visits	9280
OTHER SERVICES	
Ambulance Calls in Contract Area	749
Ambulance Calls Outside Con. Area	50

BUILDING INSPECTOR'S REPORT

Respectfully submitted by,

HENRY BAKER
Building Inspector

PERMITS ISSUED	# OF PERMITS
Barn	1
Commercial Addition	1
Commercial Building	1
Commercial Alteration	20
Demolition	14
Electrical	105
Garages/Carports	17
Industrial Additions	2
Industrial Alterations	6
Mobile Homes	1
Institutional Alterations	5
New Homes	3
Plumbing	38
Residential Addition	26
Residential Alteration	154
Siding	39
Signs	21
Storage Sheds	13
Swimming Pools	3
TOTALS	470

HOUSING INSPECTOR'S REPORT

Respectfully submitted by,

HENRY BAKER
Housing Inspector

ZONING BOARD OF ADJUSTMENT

Respectfully submitted by,

HENRY BAKER
Building Inspector

Public Hearings Held	7
Appeals Heard	21
Variances/Exceptions Granted	17
Variances/Exceptions Denied	2

	BUILDINGS	RENTAL UNITS
Moderate Rehabilitation	12	53
Rooming House Permits	4	
Inspections Upon Complaints	40	
Units Inspected	298	
Violations	44	
Violations Corrected	44	
Rooming House Units	62	
Structures Inspected	298	
Units Condemned	0	

TAX COLLECTOR'S REPORT

Respectfully submitted by,

ALINE BOUCHER
Comptroller/Tax Collector

THE FOLLOWING IS THE TAX COLLECTOR'S REPORT FOR THE PERIOD ENDING JUNE 30, 1993:

	1993 REAL ESTATE TAXES	1992 REAL ESTATE TAXES	1992 TAX LIENS	1991 TAX LIENS	PRIOR YEAR'S TAX TITLES	SEWER USER TAXES	1993 RESIDENT TAXES	1992 RESIDENT TAXES
07/01/92 UNCOLLECTED BALANCE	-0-	\$2,703,017.	-0-	\$619,704.	\$378,934.	\$129,344.	-0-	\$43,610.
TAXES SOLD TO CITY ²	-0-	(617,109.)	\$711,375. ²	-0-	-0-	(41,633.)	-0-	(350.)
TAX WARRANTS	\$5,228,465. ¹	5,503,226.	-0-	-0-	-0-	890,124.	\$67,170.	-0-
COLLECTIONS/REDEMPTIONS	(2,460,117.)	(7,582,195.)	(90,213.)	(322,812.)	(305,699.)	(861,105.)	(27,380.)	(26,980.)
REFUNDS/OVERPAYMENTS	-0-	3,789.	-0-	-0-	-0-	919.	10.	400.
LIENS - RSA - 72:38A	-0-	(2,202.)	-0-	(4,426.)	(7,408.)	(271.)	-0-	-0-
ABATEMENTS/DEEDS/DISCOUNT	(71.)	(8,526.)	(1,458.)	(7,948.)	(15,597.)	(130.)	-0-	-0-
RESERVE - UNCOLLECTIBLES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
UNCOLLECTED BALANCE 06/30/93	\$2,768,277.	-0-	\$619,704.	\$284,518.	\$50,230.	\$117,248.	\$39,800.	\$16,680.

OTHER TAXES/INTEREST COLLECTED

Special Warrants \$5,125.
Resident Taxes - Uncommitted 11,720.
Interest - Delinquent Taxes 73,951.
Interest - Tax Liens 124,499.
Resident Taxes - Penalties 643.
Sewer Taxes - Interest 8,844.
Land Use Change Tax 3,500.
Yield Taxes 12,402.

¹ Warrant 1/2 year

² Includes 1992 Real Estate Taxes, Resident Taxes, Interest, Costs & Fees.

FINANCE/COLLECTION REPORT

The Finance and Collection Department is responsible for the accounting and record keeping of all financial transactions of the City's General Funds, as well as all other Funds. The City's Auditors, Mason and Rich, Concord, New Hampshire, audited the City books and the City's detail financial reports for the General Funds, Special Revenue Fund, Capital Projects Funds, Proprietary Funds Types, all Trust and Agency Funds, and General Long-Term Obligations are in their accompanying Audit Report for the year ended June 30, 1993.

This Department is responsible for the timely filing of all federal and state financial and tax reports all as required by the Federal Government and the State of New Hampshire. The City's financial records are maintained on the IBM 36 System.

This Department is responsible for the following processes, and where applicable, indicate approximate number of annual transactions and amounts.

PROCESSES	# TRANSACTIONS	AMOUNT	PROCESSES
ACCOUNTS PAYABLE	6,395	\$21,543,909.	GENERAL LEDGER
PURCHASE ORDERS ISSUED	2,051		CASH REVENUES
PAYROLL - 1992	19,993	10,536,177.	APPROPRIATION LEDGER (BUDGET)
REVENUES OTHER THAN TAXES		10,594,555.	FINANCIAL REPORTING
REAL ESTATE WARRANTS - 1992	4,684	10,418,953.	PERSONNEL FILES
RESIDENT TAX WARRANTS - 1993	6,717	67,170.	VOTER REGISTRATION RECORDS
SEWER WARRANT - 1993	3,401	890,124.	REAL ESTATE COLLECTIONS
OTHER TAXES	34	8,833.	RESIDENT TAX COLLECTIONS
TAX LIEN PROCESS - 91	413	711,375.	SEWER USER COLLECTIONS
MOTOR VEHICLE REGISTRATIONS	10,720	691,107.	TAX LIEN REDEMPTIONS - ALL YEARS
			UCC'S
			INVESTMENT OF FUNDS
			DEBT SERVICE

In addition to the above, the Finance Department administers Health Insurance for the City Employees, Water Works, Cobra Extension, as well as for 124 Retirees, (total covered - 269 members). The Finance Department also administers Life Insurance, Accident and Sickness, N.H. Retirement System Pension, N.E. Mutual Pension Plan, Worker's Compensation and Unemployment Compensation for all City Employees. This Department is responsible for Insurance Benefits/Billings and Collections from City Departments, retirees and COBRA extension.

This Office is responsible for the Central Services Purchasing and Billing of gas, office supplies and other purchases for City Departments and State Agencies. This Department is also responsible for the record keeping of the Berlin Airport Authority, including sales of All Gas. The Finance Department is also responsible for the mail service of all incoming and outgoing mail for all City Hall Departments, Development Department, as well as large mailing for all other City Departments.

The Finance/Collection Department has a staff of six full-time employees and two part-time employees - (Total 21 Hours). In addition to the Comptroller/Tax Collector, staff include the following personnel: Jeannette Laflamme, Supervisor Computer Division/Payroll; Lucille Lavoie, Accounts Payable Clerk; Lise Poulin, Receptionist/Clerk Typist; Colleen Poulin, Collection Clerk; Elaine Tremblay, Senior Collection Clerk; Anita Valliere, City Accountant and Susan Warren, Account/Billings Clerk.

BERLIN RECREATION & PARKS

**Respectfully submitted
by,**

**LAURA LEE VIGER
Director**

The Recreation and Parks Department has been very active during the past year working to insure that the leisure needs of the community are met while being mindful of the economic realities of the 1990's. Responding to the limitations of financial resources, the department has utilized a variety of alternate support services and resources to continue to expand our recreation offerings.

Even though the departmental budget has remained constant for a number of years, we have been able to expand our programming agenda. This expanded offering is achieved through the variety of resources listed:

- . Private Industry Program Sponsorship
- . Grant application and acquisition

- . Networking with other local Human Service Agencies
- . Extensive usage of volunteer resources
- . Fees and charges

Through the use of varied approaches to funding and supplying programs, we are most successful in responding to community requests for services. Regular department programming such as youth sports programs are only able to flourish with volunteer coaches, business sponsored uniforms and community contributions for equipment.

Capital improvements, always a most expensive venture in any service area have been executed mindful of non-tax resources. The movement of the now Glen Avenue Gazebo from the former Home Bank property was executed with the support of Traffee Corporation.

The needed equipment, manpower and general engineering support was a cooperative venture between the City and this generous contractor. The Berlin Kiwanis Club has made the Gazebo a top priority and continues to assist in its maintenance. The final stages of the 440 Running Track located on Willard Street was only possible through the support of a grant from the Land and Water Conservation Fund. We look forward to similar support of our application to Land and Water Conservation Fund for the proposed Memorial Field renovation.

The key to the continued and future provision of leisure services to the community is the fact that Berlin is a City of many individuals all working together to meet the citizens' needs. We can be proud of our generous residents joining forces to meet the many needs of this City.

The Berlin Public Library continues to provide a quality, enriching experience for all its patrons. The challenge is to continue to do so while facing realistically and responsibly the fiscal reality about us.

We are continually upgrading our resources and renewing our commitment to a striving community. This year brought forth the introduction of CD-ROM in the adult library and in the children's department which facilitates the recovery of information while improving services through local government.

In Autumn of 1992, the Berlin Public Library presented a book discussion series entitled "America's Many Voices" in conjunction with the Fortier Library at the Berlin Technological College. The Spring of 1993 brought us "Alas, a Woman who Attempts the Pen" with Ingrid Graff as the lecturer and "Seeing New Englandly: Regional Women Writers" with Karen Oakes as lecturer. The funding was generously provided by the NH Humanities Council with in-kind participation by the Librarian.

The theme of our 1992 Summer Reading Program in the juvenile department was "Discover-Read 92". This was a very successful program with 184 children registered and over 1,284 books read.

The Director and the Children's Librarian made numerous visits to the Berlin elementary schools in order to introduce the children and teachers to the programs available at the Berlin Public Library. Other programming presented by the library include Colette's Puppets, and the weekly Story Hour. We are very thankful for the large number of volunteers who donate their time and talents to the various programs available.

The Berlin Public Library is always prepared to answer any questions and to serve the public with their best efforts striving to the highest level of professionalism confronting the challenges of Berlin's Survival as a thriving community.

BERLIN PUBLIC LIBRARY

Respectfully submitted by,

YVONNE THOMAS
Librarian

	ADULTS	JUVENILE	TOTAL
FICTION	16,280	10,924	27,204
PHILOSOPHY	265	75	340
RELIGION	78	78	156
SOCIAL SERVICES	923	857	1,780
LANGUAGES	35	90	125
PURE SCIENCES	295	1,620	1,915
TECHNOLOGY	1,483	735	2,218
THE ARTS	904	732	1,636
LITERATURE	384	300	684
HISTORY	190	474	664
GEOGRAPHY & TRAVEL	511	109	620
BIOGRAPHY	493	302	795
GENERAL	161	151	312
PERIODICALS	4,397	81	4,478
RECORDS & AUDIO CASS.	545	1	546
PAPERBACKS	3,929		3,929
VIDEOCASSETTES	10,672		10,672
PAMPHLETS	3		3
CASSETTE PLAYERS	3		3
CAMERAS	4	4	8
TOTALS	41,555	16,528	58,088
Books Loaned to Other Libraries			48
Books Borrowed from NH State Library			27
Books Borrowed from Other Libraries			181
Films Borrowed from NH State Library			1
TOTAL CIRCULATION			58,345

BERLIN PUBLIC SCHOOLS

Respectfully submitted,

**RICHARD STEUDLE
Superintendent of
Schools**

The Berlin Public Schools have just completed another very successful year in delivering educational services to the young people in the city of Berlin. Many people in the community volunteered time and energy that enabled us to achieve the levels of success during this school year.

As a result of budget constraints the Board of Education was forced to reduce its services in the area of kindergarten education, elementary music and extracurricular programming. Many of the kindergarten children were able to gain this early childhood experience through enrollment in private school programs. We, the public schools, extend our thanks to the Berlin Regional Catholic School for their ability to expand their kindergarten program and serve many of the youngsters that we

were not able to serve in the public schools.

Hundreds of volunteers worked very diligently to maintain our extracurricular and interscholastic activities at the level to which we have been accustomed. Nearly \$60,000 was raised through volunteer efforts and was supplemented by a "pay to play" program that generated another \$15,000. These monies constituted over half of our co-curricular and interscholastic budget for 1992-93.

Academically, our schools made serious progress in some areas and went somewhat backwards in others. Our elementary teachers are to be commended for their diligent efforts in reviewing new reading curricular and, in the end, providing a recommendation to the Board for establishing the

purchase of a new reading series to be put in place for the 1993-94 school year. Our Odyssey Of The Mind competition had significant growth in the number of teams participating. This meant large numbers of volunteers involved, without which the program could not be conducted. Our successes in Odyssey Of the Mind were also notable with one of our teams finishing first in state competition, enabling them to participate at the national level in Maryland. Another team finished fifth in state competition.

Our SIP program continues to flourish at Brown School, and we are experiencing an expansion in the number of elementary schools involving partnership programs. Both Brown and Bartlett schools have received awards for their "Wee Deliver" programs. The Berlin Middle School still

has one of the lowest costs per pupil in the state. In spite of our low cost, quality education is still at a high level.

One of the changes that will occur for the 1993-94 school year at the middle school is that Mr. Michael Walsh, who had become a solid fixture in the middle school as assistant principal, submitted his resignation at the end of his contract year.

The action of the Board of Education in tabling the superintendent's nomination will cause some difficulties in the operation of the middle school in 1993-94 if this issue is not addressed in the future. Mr. Urban, the principal, is still seeking financing to provide a fully approved middle school which includes a counselor and a reading specialist. If the assistant principal's position is not filled, that could cause additional problems for the district with the state in our attempts to have our middle school fully approved. The Berlin High School does not have significant accreditation problems and has delivered excellent educational services to our high school students. Programs in Mathematics and English that were instituted proved to be successful in the 1992-93 school year. The addition of the upgraded

Computer Lab was perhaps one of the high points of the year. The Board approved installation of 20 new computers and companion furniture, a significant step forward.

The Board of Education has several serious issues to resolve as quickly as possible. We have already mentioned the need to meet "state approved schools" as a priority for the 1993-94 Board of Education. In addition to that need for improvement, the Board also must address the contract dispute with the Berlin Education Association. The teachers have been working through the 1992-93 school year without a contract and there are pending issues in the contract negotiations that will have to be resolved, including the fact finding process, an unfair labor practice charge, and a request for arbitration. It should be noted that in spite of not having a contract, all services that teachers were expected to deliver, both voluntary and contractual, were carried out for a very successful year.

Staff wise at the high school, we would like to welcome Mr. Donald Lafferty as the new assistant principal who replaced Mr. Donald Dimick following his retirement. Mr. Eugene Rivard was

elected as chairman of the Board of Education, and, in April, we welcomed Mr. Michael Bresnahan to the Board of Education. Mr. Bresnahan replaced Mrs. Alethea Lincoln Froburg, a 10-year veteran on the board of education.

The Board of Education and entire staff of the school department look forward to the 1993-94 school year and all efforts will be made to continue and improve the quality of educational service that the people of Berlin have come to expect.

DEVELOPMENT DEPARTMENT

Respectfully submitted by,

**DENNIS M. COTE'
Development Director**

Improving local government services is everyone's business. Stability and quality in local government services have been linked to a community's ability to generate new commercial and residential investments. Similarly a decline in local government services is often associated with a decline in the overall property market and built environment.

Retaining a quality level of services in the face of constrained revenue sources has presented a major challenge for municipal government.

New Hampshire's local government finance structure is heavily dependent on the property tax base. Fiscal stress is greater in those communities with relatively poor property tax bases. Berlin as a relatively poor property community has seen its fiscal condition weakened by deflation in certain property market segments and a continuing diminishment of federal fiscal support.

Local government finance relief, short of a change in the structure of New Hampshire

local government finance will come in two forms; first, expansion and/or improvement in the property base and second, efficiency gains in the provision of public services.

The Development Department through the three boards it serves, Planning Board, Berlin Industrial Development and Park Authority (BIDPA) and Berlin Economic Development Council Inc. (BEDCO) seeks to position the community for new redevelopment and expansion opportunities. These three boards in addition to providing guidance and direction to the department staff, affords an excellent vehicle for the concerned citizen to participate in the development of public policy.

Although the three boards differ in their organization and relationship to staff, they share a common primary focus on economic development. The department under the aegis of the Planning Board and BEDCO continues to shape a heritage based downtown redevelopment program.

Over the past year, a snowmobile trail link to the downtown was given impetus by the City and developed by the local snowmobile club. The development of a heritage trail and a heritage center/museum are in process and receive ongoing technical support from the department. Similarly, the Downtown Action Revitalization Team, Inc., an organization of volunteers dedicated to revitalizing the downtown, draws staff support from the department.

Downtown progress was also experienced with the construction of a new state office facility on Pleasant Street and a commercial facility on Main Street. Both facilities had the benefit of the City's new site plan review, oriented to insuring that good design is a part of new development.

On the industrial side, the financing of the major air quality improvements at James River Corporation benefitted from the Community Development Block Grant program administered by the Department. BIDPA and BEDCO were instrumental in the retention and expansion of the Balsams Water Company. The Industrial Park also received an expansion from a Quebec guitar manufacturer.

Improving local government services is viewed by all of the boards as a key element in creating a brighter future for Berlin. The traditional role of public and non-profit boards, as an incubator for new ideas is an important factor in making local government service better and more responsive to local needs.

BERLIN WATER WORKS

Respectfully submitted by,

ALBIN JOHNSON, PE
Superintendent &
Chief Engineer

One billion, twenty-two million, nine hundred seventeen thousand, three hundred gallons of water was consumed by Berlin's water distribution system between June 30, 1992 and July 1, 1993. This is 391,894,700 gallons less than the previous year report. The reduction in use is attributed to the repair of several major water main leaks and James River's program to reduce their consumption of City water.

For the 1993 calendar year budget, expenditures of \$1,100,000. for operations and \$118,600. for 1976 water bond debt was approved by the Board of Water Commissioners.

The Board signed a letter agreement dated July 3, 1993 with Whitman & Howard, Inc. for professional engineering services in connection with the evaluation of the City's two water treatment plants, water distribution and storage systems.

On Argonne Street, between Maynesboro and Verdun, 460 feet of two inch galvanized water main in poor condition was replaced with eight in ductile iron pipe. Except for blasting of ledge and pavement restoration, all work was done using water works equipment and manpower in a joint project with Public Works installing a new sewer in this street.

Midway Excavators, Inc. was hired by the Board to replace 210 feet of two inch galvanized water main in poor condition with six inch ductile iron pipe located at the end of High Street. The new work was done at the same time Midway was installing a new sewer line for the City.

The Board voted to increase water consumption charges by 15% effective with the April 1, 1993 quarterly water bill.

In August, divers repaired the broken ten inch water main under the Androscoggin River located just upstream of the Bridge Street Bridge.

In April after meeting with representatives from the US Army Cold Regions Research and Engineering Laboratory, in Hanover, NH and a representative from U.C. Industries of Tallmadge Ohio, the Board voted to participate in a construction productivity advancement research (CPAR) project for a total cost of \$250,000.

A request, dated April 1, 1993 for a time extension to comply with the United States Environmental Protection Agency's Surface Water Treatment Rule, was given to Rene Pelletier, Administrator of Water Supply Engineering Bureau, New Hampshire Department of Environmental Services.

In April, the Board voted to retain the law firm of Moynihan and Michalik to handle Berlin Water Works legal affairs. The calendar year 1992 and 1991, Berlin Water Works financial statements was prepared by Martin & Thomas, PC.

On November 4, 1992, a special meeting of the Board was held to permit Mr. Oliver Poirier of Whitman & Howard, Inc. to give a verbal presentation of the results of his draft report relative to the evaluation of Berlin's two water treatment plants and to permit representatives of NH Department of Environmental Services to offer their review comments.

The Board met with the Mayor and Council in February to present the infrastructure improvements and necessary funding requirements to be raised by the City.

Our annual running water program was started on January 4, 1993 and was stopped on April 19, 1993. Water Works personnel responded to 175 customers due to frozen pipes during this period compared to 99 customer calls the previous year. On Flint Street, the two inch water main froze and the eight inch water main to the Armory froze.

Mayor Leo G. Ouellet signed a proclamation to honor May 2 through May 8, 1993 as Water Works Week in recognition of the Berlin Water Works and National Drinking Water Week. Open house at the East Milan Road Treatment Facility was held during this week with guided tours provided by water treatment plant operators. Mr. Oscar Hamlin, City Tree Warden, invited local students touring the facility to assist him in a tree planting ceremony to illustrate the important relationship between trees and water.

On June 7, 1993 the Board of Water Commissioners signed an agreement with Whitman & Howard, Inc. for design and construction phases for professional services involving our two water treatment facilities; upper Hillside and Church Street pumping stations and several water mains. Total cost for engineering services was set at \$1,080,790.00.

The following persons served on the Board of Water Commission: Omer R. Morin, Carl D. Oleson, Paul E. St.Hilaire, David J. Bertrand and ex-officio member Mayor Leo G. Ouellet.

LOCAL GOVERNMENT HELPING THE CITY

MUNICIPAL OFFICERS

City Manager	Mitchell A. Berkowitz	752-7532
City Assessor	Richard Stapleton	752-5245
City Attorney	Jack P. Crisp, Jr.	752-2177
City Clerk	Lise Malia	752-2340
Comptroller/Collector	Aline Boucher	752-1610
City Engineer/Poll. Cont.	Terry Block	752-3407
Chief Operator Poll. Cont.	Michael Therriault	752-7230
Airport Manager	Wayne Gauthier	449-2168
Building Inspector	Henry Baker	752-1272
Development Director	Dennis Cote'	752-1630
District Court Judge	Wallace Anctil	752-6300
Fire Chief	Paul Fortier	752-3135
Health Officer	Robert Delisle	752-1272
Librarian	Yvonne Thomas	752-5210
Police Chief	Alan Tardif	752-3131
Public Works Director	Maurice Wheeler	752-4450
Recreation & Parks Super.	Laura Viger	752-2010
Superintendent of Schools	Richard Steudle	752-6500
Treasurer	Richard Langlois	752-4340
Water Works Super.	Albin Johnson	752-1677
Welfare Administrator	Annette Langevin	752-2120

Your government consists of people who are elected, appointed, and employed to provide education, fire and police protection, libraries, recreation and parks, health programs, snow plowing, pollution control and more. Government is only one part of our City. Our City is people who want to move forward, reflect upon the past and make significant improvements to our streets, bridges, industry, and our quality of life, **now and in the future.**

CITY OF BERLIN

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

MASON + RICH P.A.
Accountants and Auditors

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MASON+RICH

PROFESSIONAL
ASSOCIATION

ACCOUNTANTS
AND AUDITORS

INDEPENDENT AUDITOR'S REPORT

August 13, 1993

Honorable Mayor, City Council and Manager
City of Berlin, New Hampshire

We have audited the accompanying general purpose financial statements of the City of Berlin, New Hampshire as of and for the fiscal year ended June 30, 1993 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the financial statements of the Berlin Water Works and the Public Works Pensions Trust which should be included to conform with generally accepted accounting principles. The Berlin Water Works and Public Works Pension Trust (component units of the City) utilize different year ends. As a result, required disclosures of assets, liabilities, revenues and expenditures are not available.

The City has not maintained a complete record of its general fixed assets as required by generally accepted accounting principles. Accordingly, a statement of general fixed assets is not included in the financial statements. The amounts that should be recorded as general fixed assets are not known.

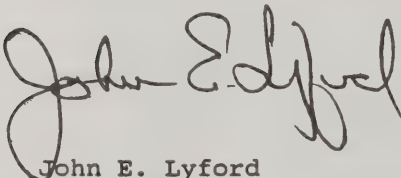
TWO
CAPITAL
PLAZA
SUITE 3-1
CONCORD
NEW HAMPSHIRE
03301
FAX: (603) 224-2813
(603) 224-2000

23
HIGH
STREET
PORTSMOUTH
NEW HAMPSHIRE
03801
FAX: (603) 436-3150
(603) 436-0906

In our opinion, based on our audit, except for the effects of the matters discussed in the third and fourth paragraphs, the combined financial statements referred to above present fairly in all material respects, the financial position of the City of Berlin, New Hampshire as at June 30, 1993 and the results of its operations and cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying combining and individual fund financial statements and schedule of Federal Financial Assistance listed as supporting schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the City of Berlin, New Hampshire. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John E. Lyford". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Lyford".

John E. Lyford
Certified Public Accountant
MASON + RICH PROFESSIONAL ASSOCIATION
Accountants and Auditors

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1993

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Long-Term Debts	
ASSETS							
Cash	\$5,863,621	\$1,786	\$ -	\$ -	\$106,081	\$ -	\$5,971,488
Temporary Investments	100,000	-	-	-	359,345	-	459,345
Taxes Receivable (Note 2)	2,568,950	-	-	-	-	-	2,568,950
Accounts Receivable	52,219	88	-	140,091	23,894	-	216,292
Due from Other Governments (Note 3)	1,145,672	134,463	11,075	-	-	-	1,291,210
Due from Other Funds (Note 9)	468,081	79,049	1,618,825	1,472,804	99	-	3,638,858
Inventory: Food/Supplies	-	9,760	-	13,634	-	-	23,394
Donated Commodities	-	4,010	-	-	-	-	4,010
Net Investment in Direct Financing Leases (Note 7)	-	-	-	203,191	-	-	203,191
Investment Property	-	-	-	192,794	-	-	192,794
Fixed Assets (Note 6)	-	-	-	25,184,458	-	-	25,184,458
Amount to be Provided for Sick Pay	-	-	-	-	-	1,426,873	1,426,873
Amount to be Provided from State of New Hampshire-Pollution Control	-	-	-	-	-	1,899,405	1,899,405
Amount to be Provided for Retirement of Long-Term Debt	-	-	-	-	-	4,612,370	4,612,370
TOTAL ASSETS	\$10,198,543	\$229,156	\$1,629,900	\$27,206,972	\$489,419	\$7,938,648	\$47,692,638

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1993

	Governmental Fund Types			Proprietary	Fiduciary	Account	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Types	Fund Types	Group	
				Enterprise	Agency	Long-Term Debt	
LIABILITIES AND FUND BALANCE							
<u>Liabilities</u>							
Accounts Payable	\$307,225	\$9,104	\$ -	\$100,927	\$7	\$ -	\$417,263
Contracts Payable	-	-	12,726	-	-	-	12,726
Accrued Liabilities	210,156	-	-	40,580	-	-	250,736
Deferred Revenues	6,212,188	4,010	-	-	-	-	6,216,198
Due to Other Funds (Note 9)	2,759,704	152,643	268,391	400,000	58,120	-	3,638,858
Accrued Sick Pay	-	-	-	-	-	1,426,873	1,426,873
Due to Specific Individual and/or Groups	-	-	-	-	62,697	-	62,697
Notes Payable (Note 5)	-	-	-	623,539	-	-	623,539
Bonds Payable (Note 4)	-	-	-	115,000	-	6,511,775	6,626,775
Total Liabilities	9,489,273	165,757	281,117	1,280,046	120,824	7,938,648	19,275,665
<u>Fund Equity</u>							
Contributed Capital	-	-	-	25,263,129	-	-	25,263,129
Retained Earnings	-	-	-	663,797	-	-	663,797
Fund Balances:							
Reserved for Encumbrances	587,810	-	-	-	-	-	587,810
Reserved by Trust Instruments	-	-	-	-	117,478	-	117,478
Unreserved:							
Designated by Trust Instruments	-	-	-	-	251,117	-	251,117
Designated for Specific Capital Projects	-	-	1,606,099	-	-	-	1,606,099
Designated for Specific Purposes	-	80,923	-	-	-	-	80,923
Undesignated (Deficit)	121,460	(17,524)	(257,316)	-	-	-	(153,380)
Total Fund Equity	709,270	63,399	1,348,783	25,926,926	368,595	-	28,416,973
TOTAL LIABILITIES AND FUND EQUITY							
	\$10,198,543	\$229,156	\$1,629,900	\$27,206,972	\$489,419	\$7,938,648	\$47,692,638

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	Governmental				Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
<u>Revenues</u>					
Taxes	\$10,627,062	\$ -	\$ -	-	\$10,627,062
Licenses and Permits	752,935	-	-	-	752,935
Intergovernmental	3,862,922	642,304	111,840	-	4,617,066
Charges for Services	987,765	375,186	-	-	1,362,951
Interest and Dividends	101,550	-	32,665	4,164	138,379
Other	307,813	45,143	13,543	-	366,499
Total Revenues	16,640,047	1,062,633	158,048	4,164	17,864,892
<u>Expenditures</u>					
Current:					
General Government	3,213,702	552,156	-	-	3,765,858
Public Safety	2,245,367	-	-	-	2,245,367
Highways and Streets	1,465,264	-	-	-	1,465,264
Health	253,705	1,120	-	1,467	256,292
Welfare	131,418	-	-	-	131,418
Parks and Recreation	292,408	36,976	-	-	329,384
Education	6,947,634	515,699	-	-	7,463,333
Capital Outlay	539,544	-	174,119	-	713,663
Debt Service	1,374,807	-	-	-	1,374,807
Total Expenditures	16,463,849	1,105,951	174,119	1,467	17,745,386
Excess (Deficiency) of Revenues Over Expenditures	\$176,198	(\$43,318)	(\$16,071)	\$2,697	\$119,506

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

Exhibit B
(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>Governmental</u>				Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Other Financing Sources (Uses)					
Operating Transfers In	\$ -	\$49,379	\$ -	\$ -	49,379
Operating Transfers (Out)	(49,379)	-	-	-	(49,379)
Total Other Financing Sources (Uses)	(49,379)	49,379	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	126,819	6,061	(16,071)	2,697	119,506
Fund Balances at Beginning of Year, Restated	582,451	57,338	1,364,854	83,998	2,376,997
Fund Balances at End of Year	<u>\$709,270</u>	<u>\$63,399</u>	<u>\$1,348,783</u>	<u>\$86,695</u>	<u>\$2,496,503</u>

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	\$10,555,930	\$10,690,490	\$134,560	\$ -	\$ -	\$ -
Licenses and Permits	713,200	752,935	39,735	-	-	-
Intergovernmental	3,826,062	3,862,922	36,860	424,689	636,419	211,730
Charges for Services	915,542	987,765	72,223	322,400	326,304	3,904
Interest and Dividends	145,533	101,550	(43,983)	-	-	-
Other	116,750	307,813	191,063	-	-	-
Total Revenues	16,273,017	16,703,475	430,458	747,089	962,723	215,634
Expenditures						
Current:						
General Government	3,254,440	3,213,702	40,738	362,097	497,970	(135,873)
Public Safety	2,262,942	2,245,367	17,575	-	-	-
Highways and Streets	1,475,648	1,465,264	10,384	-	-	-
Health	235,938	253,705	(17,767)	-	-	-
Welfare	141,151	131,418	9,733	-	-	-
Culture and Recreation	297,445	292,408	5,037	-	-	-
Education	7,183,000	6,947,634	235,366	424,689	515,699	(91,010)
Capital Outlay	895,760	539,544	356,216	-	-	-
Debt Service	1,388,369	1,374,807	13,562	-	-	-
Total Expenditures	17,134,693	16,463,849	670,844	786,786	1,013,669	(226,883)
Excess (Deficiency) of Revenues Over Expenditures	(\$861,676)	\$239,626	\$1,101,302	(\$39,697)	(\$50,946)	(\$11,249)

(Continued)

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)						
Operating Transfers In	\$ -	\$ -	-	\$39,697	\$49,379	(\$9,682)
Operating Transfers (Out)	(39,697)	(49,379)	9,682	-	-	-
Total Other Financing Sources (Uses)	(39,697)	(49,379)	9,682	39,697	49,379	(9,682)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (Budgetary Basis) (Note 12)	(901,373)	190,247	1,110,984	-	(1,567)	1,567
Adjustments:						
To Adjust Revenues for Deferred Property Taxes	-	(63,428)	(63,428)	-	-	-
Non Budgeted Special Revenue Funds Not Included in Adopted Budget	-	-	-	-	7,628	7,628
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) (GAAP Basis)	(901,373)	126,819	1,047,556	-	6,061	9,195
Fund Balance at Beginning of Year	582,451	582,451	-	57,338	57,338	-
Fund Balance at End of Year	(\$318,922)	\$709,270	\$1,047,556	\$57,338	\$63,399	\$9,195

This statement presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year is presented.

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise Funds	Non- expendable Trust	
<u>Operating Revenues</u>			
Charges for Services	\$895,189	\$ -	\$895,189
Rent and Royalties	147,080	-	147,080
Interest and Dividends	-	11,314	11,314
Contributions	-	2,000	2,000
Total Operating Revenues	<u>1,042,269</u>	<u>13,314</u>	<u>1,055,583</u>
<u>Operating Expenses</u>			
Salaries and Wages	435,718	-	435,718
Repairs and Maintenance	18,439	-	18,439
Materials and Supplies	68,932	-	68,932
Administrative	86,215	10,216	96,431
Utilities	117,850	-	117,850
Depreciation (Note 1)	693,474	-	693,474
Total Operating Expenses	<u>1,420,628</u>	<u>10,216</u>	<u>1,430,844</u>
Operating Income (Loss)	<u>(378,359)</u>	<u>3,098</u>	<u>(375,261)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest: Revenue	39,636	-	39,636
Expense	<u>(65,267)</u>	<u>-</u>	<u>(65,267)</u>
Total Non-Operating Revenues (Expenses)	<u>(25,631)</u>	<u>-</u>	<u>(25,631)</u>
Net Income (Loss) Before Operating Transfers	<u>(403,990)</u>	<u>3,098</u>	<u>(400,892)</u>
<u>Other Changes in Retained Earnings/ Fund Balance</u>			
Credit From Transfer of Depreciation on Treatment Plant Assets Acquired by Grants Externally Restricted for Capital Acquisitions to Contributed Capital	<u>528,485</u>	<u>-</u>	<u>528,485</u>
Net Increase (Decrease) in Retained Earnings/ Fund Balance	<u>124,495</u>	<u>3,098</u>	<u>127,593</u>
Retained Earnings/Fund Balance at Beginning of Year	<u>539,302</u>	<u>278,802</u>	<u>818,104</u>
Retained Earnings/Fund Balance at End of Year	<u>\$663,797</u>	<u>\$281,900</u>	<u>\$945,697</u>

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
 COMBINED STATEMENTS OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Non- expendable Trust</u>	
<u>Cash Flows From Operating Activities</u>			
Net Operating Income (Loss) - Exhibit D	(\$378,359)	\$3,098	(\$375,261)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	693,484	-	693,484
Interest/Dividends From Investing Activities	-	(11,314)	(11,314)
Change in Operating Assets and Liabilities			
(Increase) Decrease in Operating Assets:			
Accounts Receivable	(4,954)	-	(4,954)
Inventories	-	-	-
Due From Other Funds	(404,057)	-	(404,057)
Increase (Decrease) in Operating Liabilities:			
Accounts Payable	77,296	-	77,296
Due To Other Funds	399,994	5,108	405,102
Accrued and Other Liabilities	(3,524)	-	(3,524)
Total Adjustments	758,239	(6,206)	752,033
Net Cash Provided (Used) by Operating Activities	379,880	(3,108)	376,772
<u>Cash Flows From Capital and Related Financing Activities</u>			
Proceeds From Direct Financing Lease	43,029	-	43,029
Principal Paid on Bonds/Notes	(93,830)	-	(93,830)
Interest Paid on Bonds/Notes	(65,267)	-	(65,267)
Acquisition of Plant and Equipment	(303,448)	-	(303,448)
Net Cash Provided (Used) for Capital and Related Financing Activities	(419,516)	-	(419,516)
<u>Cash Flows From Investing Activities</u>			
Interest on Investments	39,636	11,314	50,950
Increase (Decrease) in Cash and Cash Equivalents	-	8,206	8,206
Cash and Cash Equivalents, Beginning of Year	-	278,802	278,802
Cash and Cash Equivalents, End of Year	\$ -	\$287,008	\$287,008

The Accompanying Notes are an Integral Part of This Financial Statement

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Berlin, New Hampshire (the City) was incorporated in 1829 under the laws of the State of New Hampshire. The City operates under a Council-Mayor form of government, under the direct management of an appointed City Manager and provides services as authorized by its charter.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The accompanying financial statements include the transactions of all funds and account groups of the city and other governmental organizations over which the City's elected officials (City Council) exercise oversight responsibility in accordance with the criteria set forth in the National Council on Governmental Accounting (NCGA) Statement No. 3 except for the Berlin Water Works and Public Works Pension Trust (see Note 15). The funds are established under the authority of the City charter and their operations are reflected in these financial statements are those under the control of the City Council. The account groups are those required by financial reporting standards for governmental units. (See Note 14)

B. Basis of Presentation

I. FUND ACCOUNTING

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped in the financial statements in this report into five general fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

- 1) General Fund - The General Fund is the general operating fund of the City. All property tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds.

The General Fund provides police and fire protection, street maintenance, plowing and lighting, schools, park and playground maintenance planning and zoning, general administration.

- 2) Special Revenue Funds - Special Revenue Funds are used to account for the proceeds or specific revenue sources (other than special assessments, expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative actions.
- 3) Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by enterprise operations and trust funds.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

PROPRIETARY FUNDS

- 4) Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUNDS

- (5) Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds.

Nonexpendable Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

II. ACCOUNT GROUPS - FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets Account Group - General fixed assets have been acquired for general governmental purposes and have been recorded as expenditures in the fund making the expenditure. These expenditures are required to be capitalized at historical cost in a General Fixed Asset Group of Accounts for accountability purposes. In accordance with the practices followed by many other municipal entities in the State, the City does not maintain a record of its general fixed assets and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in these financial statements.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Noncurrent portions of long-term receivables due to governmental funds are, when applicable, reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. (Note 2).

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The proprietary funds and nonexpendable trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

<u>Sewer Fund</u>		
Sewer System	50	Years
Equipment	3 to 10	Years
<u>Industrial Development and Park Authority</u>		
Plant and Equipment	30	Years

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Tax revenues are recognized in the year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year end.

Licenses and permits, charges for services and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received. Investment earnings are recorded as earned if they are both measurable and available.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

In applying the susceptible to accrual concept to intergovernmental revenues (grant, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as a guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due and (2) inventories of one Special Revenue Fund.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. The Sewer Fund does not accrue estimated unbilled services at the end of the year with respect to services provided but not billed at year end as the amount is not reasonably determinable.

D. Budgets and Budgetary Accounting

The City observes the following procedures in establishing the budgetary data reflected in the financial statements:

1. At such time as may be requested by the City Manager or specified by the administrative code, each director of a department submits an itemized estimate of the expenditures for the next fiscal year for the departments or activities under his control. The Manager submits the proposed budget to the Council at least ninety days before the start of the fiscal year which begins July 1.
2. A public hearing on the budget is held before its final adoption by the Council. Notice of the public hearing together with a summary of the budget as submitted is published at least one week in advance by the City Clerk. The School Board is required to conduct a public hearing on their proposed budget at least two weeks before their budget submission to the City Manager.
3. The budget must be legally adopted no later than ten days before the beginning of the fiscal year. Should the Council take no final action on or prior to that date, the budget as submitted at the public hearing is deemed to have been finally adopted by the Council.
4. Adding or increasing an appropriation requires a vote by two-thirds majority of the Council. The Council may, by resolution designate the source of any money so appropriated. A simple majority of the Council is necessary to reduce an appropriation.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

5. At the beginning of each quarterly period during the fiscal year and more often if required by the Council, the City Manager submits to the Council data showing the relation between the estimated and actual income and expense to date and if it appears that the income is less than anticipated, the Council or City Manager may reduce the appropriation for any item or items, except amounts required for debt and interest charges, to such a degree as may be necessary to keep expenditures within the cash income. The City Manager may provide for monthly or quarterly allotments of appropriations to departments, funds or agencies under such rules as he may prescribe.
6. After the budget has been adopted, no expenditures may be incurred, except pursuant to a budget appropriation unless there is a specific additional appropriation therefore. The head of any department, with the approval of the manager, may transfer any unencumbered balance or any portion thereof from one fund or agency within his department to another fund or agency within his department; the manager with the approval of the council, may transfer any unencumbered appropriation balance or any portion thereof from one department to another.
7. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (School Federal Projects, School Food Service and Airport Authority).
8. The City legally adopts one inclusive budget for the General and Special Revenue Funds. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP), except for (a) property tax revenues which are budgeted in the year of levv and (b) overlay for abatements which is budgeted as an expenditure.
9. Budget amounts as presented in the financial statements, are as originally adopted plus approved appropriations carried forward and encumbrances at June 30, 1993 of \$262,373.
10. Budget appropriations lapse at the end of the fiscal year except for any appropriations carried forward that are approved by City Council.

E. Deposits and Temporary Investments

Deposits

Deposits are carried at cost plus interest earned to year end. The carrying amount of deposits is separately displayed on the balance sheet as "Cash".

Cash balances from all funds (except Trust and Agency) are combined and invested to the extent available in certificates of deposit. Earnings from these investments are allocated annually to each fund based on year end balances of cash and temporary investments.

At year end, the carrying amount of the City's deposits was \$5,161,830 and the bank balance was \$6,871,909. Of the balance, \$6,871,909 was covered by Federal depository insurance or collateralized and none was uninsured and uncollateralized.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Temporary Investments

Temporary investments of \$459,345 consist of certificates of deposit and are reported at cost which approximates market value.

The City Treasurer is authorized by State statutes to invest excess funds "in obligations of the U.S. Government, in the public deposit investment pool established pursuant to RSA 383:22, in savings bank deposits of banks incorporated under laws of the State of New Hampshire or in certificates of deposits of banks incorporated under the laws of the State of New Hampshire or in national banks located within the State of Massachusetts".

Cash Equivalents

For purposes of the statement of cash flows, the Sewer, Industrial Development and Park Authority and Expendable Trust Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. Inventories

Inventories are stated at cost on a first-in, first-out basis. The Special Revenue Funds (School Food Service) record inventories which consist of food and expendable supplies. The cost is reported as an expenditure at the time of purchase. Inventories of government donated commodities (School Food Service) are reported at fair market value at year end with an offsetting deferred revenue. Commodities used during the year have been reported as revenues and expenditures.

Enterprise Funds (Sewer) inventory consists of replacement parts required to service the mains and other property of the Sewer System and is carried at cost (first-in, first-out basis).

G. Prepaid Expenditures

Prepaid expenses of the General Fund are for fuel oil. Reported prepaid expenditures are equally offset by a fund balance reserve account (reserve for prepaid expenditures) as they do not represent "available spendable resources" even though they are a component of net current assets.

H. Property by Tax Lien and Title

Under New Hampshire Revised Statutes Annotated (RSA) 72:38A, elderly property owners in the City may request that the City file a tax lien against their property for the amount of their annual property taxes. Interest accrues annually beginning one year from the tax lien date at 6% and is payable along with the property taxes from the individual's estate.

Under N.H. RSA if property taxes have not been paid within two years of tax lien date (Note 2) the property may be conveyed to the City by a tax collector's deed. The City then may offer the property for public sale annually, with all proceeds remitted to the General Fund.

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

I. Deferred Revenues

Deferred revenues of the General Fund represent property taxes and other revenues collected or levied in advance of the fiscal year to which they apply and property taxes not collected within 60 days of year end as follows:

1993 Property Taxes	\$5,228,465
Current and Prior Years Taxes Uncollected Within 60 Days of Current Year End	882,463
Other Advance Collections	<u>101,260</u>
Total	<u>\$6,212,188</u>

Deferred revenues (\$4,010) of the Special Revenue Fund represents market value of government donated commodities at year end (School Food Service).

J. Accumulated Unpaid Vacation and Sick Pay

Employees earn vacation and sick leave time as they provide the services. Pursuant to certain collective bargaining agreements, employees may accumulate (subject to certain limitations) unused sick pay time earned and upon retirement, termination or death, may be compensated for certain amounts at current rates of pay. The City cannot reasonably estimate the current portion of vested sick leave benefits to be paid in the next operating year. Prior experience indicates that the amount that would be paid to be immaterial. Annually, a provision is made in the appropriate operating budgets. The long-term portion of accrued sick leave benefits of \$1,426,873 is included in the General Long-Term Debt Account Group.

K. Total Columns (Memorandum Only) on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - PROPERTY TAX

The City semi-annually in May and October, bills and collects its own property taxes and taxes for the School Department and Coos County. (In accordance with an opinion from the NCGA Technical Guidance Committee, the School and County Taxes are not reported as Agency Funds). Property tax revenues are recognized in the fiscal year for which taxes have been levied to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year end.

Property taxes billed or collected in advance of the year for which they are levied are recorded as deferred revenue.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Property taxes are due by December 1. At the time of tax lien in April of the next year, a lien is recorded on the property at the Register of Deeds. The lien is a priority tax lien which accrues interest at the rate of 18% per annum. If the property taxes are not paid within two years of the tax lien date, then the property may be conveyed to the City by Tax Collector's deed and subsequently sold at public sale.

The City annually budgets, following New Hampshire budget procedures, an amount (\$99,093 in the current year) for resident and property tax abatements and refunds. All abatements and refunds are charged to overlay and reported net of property tax revenues. The total for the current year was \$220,966.

The tax rate for the year ended June 30, 1993 was \$51.46; \$23.85 City, \$5.08 County and \$22.53 School Department.

Taxes receivable are net of allowance for doubtful accounts of \$49,536 which represents older noncurrent resident taxes and redemptions receivable.

The State Department of Revenue Administration annually determines the amount of property tax revenue to be levied by the City and the amount of General Fund undesignated fund balance from the prior fiscal year to be applied to reduce the property tax rate. As the State considers property tax revenue to be available in the fiscal year levied, the amount of undesignated fund balance available to reduce the tax rate for 1992-93 fiscal year is:

Total Undesignated Fund Balance - General Fund (Exhibit A)	\$ 121,460
Add: Deferred Revenue - Current Year Levy and Prior Year Redemptions not Collected Within 60 Days of Fiscal Year End	<u>882,463</u>
Total Available to Reduce the Tax Rate	<u>\$1,003,923</u>

Taxes receivable are comprised of:

Property Taxes:

Levy of 1993 (First Half Billing)	\$1,542,279
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Tax Liens:

Levy of 1992	619,705
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Levy of 1991	284,518
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Levy of 1990	49,878
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<u>Other Taxes</u>	<u>72,570</u>
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Total	<u>\$2,568,950</u>
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(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Grants and other miscellaneous receivables due from other governments include:

General Fund

State Shared Revenues	\$ 761,326
State Aid Water Pollution Projects	21,966
Other School Districts - Tuition	327,380
State of New Hampshire - Land and Water Conservation Fund Grant	<u>35,000</u>
Total	<u>1,145,672</u>

Special Revenue Funds

Community Development - Wellhead Protection Grant - EPA - Reimbursement of Grant Expenditures	5,950
School Federal Projects - New Hampshire Department of Education Reimbursement of Grant Expenditures	112,873
School Food Service - New Hampshire Department of Education (Food and Nutrition)	<u>15,640</u>
Total	<u>134,463</u>

Capital Projects Funds

Hazardous Beacon - Grant - FAA - Reimbursement of Grant Expenditures	<u>11,075</u>
Total	<u>\$1,291,210</u>

NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year:

Payable, Beginning	\$8,894,239
New Bonds Issued	-
Bonds Retired	(867,500)
Net Change in Employee Benefits Payable	<u>26,909</u>
Payable, Ending	<u>\$8,053,648</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Bonds and notes payable are comprised of the following issues:

GENERAL OBLIGATION BONDS

<u>\$1,000,000</u> - School Bonds due in annual installments of \$100,000 through February 1995; interest at 8.1%.	\$ 200,000
<u>\$3,200,000</u> - Sewer Construction Bonds due in annual installments of \$95,000 to \$300,000 through July 2004; interest at 8.214% principal and interest are guaranteed by the State of New Hampshire.	2,400,000
<u>\$4,540,000</u> - Sewer Construction Bonds due in annual installments of \$225,000 through May 1998; interest at 5.2% principal and interest are guaranteed by the State of New Hampshire.	1,125,000
<u>\$1,200,000</u> - Sewer Construction Bonds due in annual installments of \$80,000 through July 2002; interest at 5.4% to 8.1% principal and interest are guaranteed by the State of New Hampshire.	800,000
<u>\$435,000</u> - Water Construction Bonds due in annual installments of \$30,000 through June 2002; interest at 5.65% to 7.6% principal and interest are guaranteed by the State of New Hampshire.	285,000
<u>\$1,450,000</u> - Sewer Construction Bonds due in annual installments of \$100,000 through January 2003; interest at 5.75% to 7.75% principal and interest are guaranteed by the State of New Hampshire.	950,000
<u>\$1,150,000</u> - Improvements Bonds, due in annual installments of \$115,000 through January 1999; interest averages 5.67%.	690,000
<u>\$69,275</u> - Asbestos Grant Loan due in annual installments of \$5,000 through 2005 and \$1,775 in 2006.	<u>61,775</u>
Total General Long-Term Debt Account Group	6,511,775

INDUSTRIAL DEVELOPMENT AND PARK AUTHORITY

<u>\$450,000</u> - Industrial Authority Bonds due in annual installments of \$25,000 to \$40,000 through 1995 interest at 8%.	<u>115,000</u>
Total Bonds Payable (Exhibit A)	<u>\$6,626,775</u>

The debt service requirements of the City's outstanding bonds are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
1994	\$ 835,000	\$ 487,664	\$ 1,322,664
1995	850,000	428,831	1,278,831
1996	760,000	367,725	1,127,725
1997	735,000	315,076	1,050,076
1998	<u>750,000</u>	<u>262,092</u>	<u>1,012,092</u>
Subtotal	3,930,000	1,861,388	5,791,388
1998 and Thereafter	<u>2,696,775</u>	<u>630,789</u>	<u>3,327,564</u>
Total	<u>\$ 6,626,775</u>	<u>\$ 2,492,177</u>	<u>\$ 9,118,952</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

The New Hampshire Water Supply and Pollution Control Commission annually reimburses the City for a portion of the principal and interest payments on Sewer bonds. The reimbursement is based upon the amount of the State's participation in the original sewer project.

The total amount due from the State in future years amounts to \$2,564,790 as follows:

Fiscal Year Ended June 30,	<u>Reimbursement For</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1994	\$ 211,524	\$ 125,632	\$ 337,156
1995	215,671	113,224	328,895
1996	221,891	100,112	322,003
1997	228,112	86,493	314,605
1998	<u>228,112</u>	<u>86,493</u>	<u>314,605</u>
Subtotal	1,105,310	511,954	1,617,264
1999 and Thereafter	<u>794,095</u>	<u>153,431</u>	<u>947,526</u>
Total	<u>\$1,899,405</u>	<u>\$ 665,385</u>	<u>\$2,564,790</u>

Under state law, the City is required to issue general obligation debt for the Berlin Water Works (a component unit of the City).

The following general obligation bonds bear the full faith and credit of the City but it is the intention of the Berlin Water Works to pay principal and interest on these bonds. These bonds are recognized as a liability of the Berlin Water Works and are not recorded in the general long-term debt account group.

<u>\$1,770,000</u> - Water Works Public Improvement Bonds due in annual installments of \$100,000 through September, 1995; interest at 6.2%.	\$ 300,000
<u>\$3,000,000</u> - Water Works Construction Bonds due in annual installment of \$150,000 through August, 2013; interest at 5.3% to 5.875%.	<u>3,000,000</u>
Total	<u>\$3,300,000</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 5 - NOTES PAYABLE

The Berlin Industrial Development and Park Authority is directly liable in the amount of \$623,539 to various banks. The proceeds of the notes were used to construct buildings and improvements at the Industrial Park. Notes payable at year end are as follows:

Note payable to Bank, due in monthly installments of \$2,872 including interest at 1.5% over the prime rate, final payment due January 2019, secured by land and building.	\$ 281,313
Note payable to Bank, due in monthly installments of \$5,768 including interest at 1.5% below the prime rate, final payment due July 1996, secured by land and building.	172,719
Note payable to Berlin Industrial Development Corporation, due in monthly installments of \$1,500 including interest at 6.0% final payment due October 2007, secured by land and building.	<u>169,507</u>
Total	<u>\$ 623,539</u>

Debt service requirements are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
1994	\$ 68,281	\$ 41,552	\$ 109,833
1995	73,306	36,526	109,832
1996	65,512	31,189	96,701
1997	14,246	28,598	42,844
1998	<u>15,203</u>	<u>27,641</u>	<u>42,844</u>
Subtotal	236,548	165,506	402,054
Thereafter	<u>386,991</u>	<u>285,344</u>	<u>672,335</u>
Total	<u>\$ 623,539</u>	<u>\$ 450,850</u>	<u>\$1,074,389</u>

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Enterprise Funds

Property, plant and equipment owned by the Enterprise Funds are stated at cost.

The following is a summary of property, plant and equipment:

	Sewer	Industrial Park Authority	Total
Sewer System	\$31,882,718	-	\$31,882,718
Land	22,663	-	22,663
Buildings and Land	-	1,269,739	1,269,739
Vehicles and Equipment	<u>139,367</u>	-	<u>139,367</u>
Total	32,044,748	1,269,739	33,314,487
Less: Accumulated Depreciation	<u>(7,824,338)</u>	<u>(305,691)</u>	<u>(8,130,029)</u>
Net	<u>\$24,220,410</u>	<u>\$ 964,048</u>	<u>\$25,184,458</u>

Depreciation recognized on fixed assets acquired through intergovernmental grants has been closed to Contributed Capital: Intergovernmental.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 7 - INDUSTRIAL DEVELOPMENT AND PARK AUTHORITY - DIRECT FINANCING LEASE

The Industrial Development and Park Authority (the Authority) was established July 15, 1974 pursuant to Chapter 26 of the Laws of 1974. The Authority was reestablished on September 15, 1975 under the provisions of RSA 162-G for the purpose of acquisition, development, lease and disposal of industrial land and facilities.

Investment property is carried at cost. The investment property is being held for sale and accordingly, depreciation has not been provided. Rental income may be received until the property is sold. Land and buildings represent property held for rental purposes. The buildings are being depreciated on the straight line method over a thirty year life. All repairs and improvements are the responsibility of the Authority.

The Authority has entered into a long-term lease with a bargain purchase option at the end of the lease term for building and land and this lease has been accounted for as direct financing lease. The minimum lease payments to be received by the Authority under the capital lease are as follows:

Fiscal Year <u>Ended June 30</u>	
1994	\$ 63,162
1995	63,162
1996	63,162
1997	<u>42,107</u>
Subtotal	231,593
Less: Unearned Income	<u>(28,400)</u>
Net Investment in Direct Financing Lease	<u>\$203,193</u>

NOTE 8 - RESERVES AND DESIGNATIONS OF FUND EQUITY

The City has set up "reserves" of fund equity to segregate fund balances which are not available for expenditures in the future or which are legally set aside for a specific future use. Fund "designations" have also been established to indicate tentative plans for future financial utilization.

The City's reserves and designations were as follows:

Reserved for Encumbrances - Encumbrances of fund balances of the General and Special Revenue Funds are carried forward to the subsequent fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not yet constitute expenditures or liabilities.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

General Fund

Carryover Appropriations Approved by City Council	\$ 445,490
Development	705
Public Safety:	
Fire Department	2,500
Highways and Streets	200
Health and Welfare	609
Education	26,346
Capital Outlay:	
Bridges	<u>111,960</u>
Total General Fund	<u>\$ 587,810</u>

Reserved by Trust Instruments - The \$117,478 of fund balance reserved by trust instruments represents the principal portion of Nonexpendable Trust Fund fund balance.

Designated by Trust Instrument - The \$251,117 of fund balance designated by trust instruments represents the income portion of Nonexpendable Trust Fund fund balance and Expendable Trust Fund fund balance.

Designated for Specific Capital Projects - Designated for specific capital projects expenditures in future years are as follows:

Wastewater Treatment I	\$1,261,304
Wastewater Treatment III	261,515
City and School Capital Improvements	61,546
Cascade Bridge	<u>21,734</u>
Total	<u>\$1,606,099</u>

Designated for Specific Purposes - Designated for future expenditures of that fund are as follows:

Health Department	\$ 3,346
Airport Authority	51,841
Parks and Recreation Programs	<u>25,736</u>
Total	<u>\$ 80,923</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 9 - INDIVIDUAL FUND INTERFUND RECEIVABLES AND PAYMENTS

The balances at year end were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 468,081	\$2,759,704
Special Revenue:		
Community Development	-	6,063
Federal Projects	-	107,151
Food Service	-	39,429
Health Department	3,346	-
Airport Authority	49,967	-
Parks and Recreation Programs	25,736	-
Capital Projects:		
Wastewater Treatment I	1,261,304	-
Wastewater Treatment II	-	257,316
Wastewater Treatment III	261,515	-
City and School Capital Improvements	61,546	-
Cascade Bridge	34,460	-
Hazardous Beacon	-	11,075
Enterprise:		
Sewer	986,932	400,000
Industrial Park Authority	200,021	-
Courthouse	1,468	-
Cates Hill Landfill	284,383	-
Fiduciary:		
Nonexpendable Trust	-	5,108
Home Nursing Expendable Trust	99	-
Home Health Care	-	45,536
School Bank	-	7,476
Totals	<u>\$3,638,858</u>	<u>\$3,638,858</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 10 - PENSION PLANS

The City provides for pension benefits to substantially all employees through a contributory retirement system under New Hampshire law, a cost sharing multiple-employer public employee retirement system. The retirement system is a state-wide plan and it is mandatory that all full time classified employees of the state, counties, towns and cities become members of the retirement system. A state board of trustees transacts all business of the system including but not limited to, investments and disbursement funds. State law sets the conditions which must be met by employees in order to be eligible for retirement benefits. The payroll for employees covered by the system for the year was \$7,393,297 the City's total payroll was \$9,615,962.09.

City employees are eligible to retire on a service retirement allowance the first day of any month after their 60th birthday at no reduction. No minimum period of employment is required. The annual retirement benefit received is based on one sixtieth of the average compensation for the three highest paid years times the number of years creditable service. At age sixty-five the benefit is reduced by a portion of Social Security benefits (approximately 10%). The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Covered employees are required by State statute to contribute 5.0% (9.3% for police and fire) of their salary to the Plan. The City is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year was \$657,017 which consisted of \$217,343 from the City and \$439,674 from employees; these contributions represented 2.94% and 5.95% covered payroll respectively.

The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure which is "actuarial present value of credited projected benefits", is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1992 for the System as a whole, determined through an actuarial valuation performed as of that date was \$1,613,000,000. The System's net assets available for benefits on the date (valued at market) were \$1,603,074,642, leaving unfunded pension benefits of \$9,925,358. The City's 1992 contribution represented .56% of total contributions required of all participating entities.

Five-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1992 annual financial report, the most recent available.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

Employees of the Public Works Department and certain recreation department personnel are covered under a City sponsored defined contribution program. Annual cost including amortization of prior service costs is being funded over a 20 year period.

The City's contribution to this plan was \$61,586 for the year ended June 30, 1993. The City's policy is to fund all pension costs accrued. Additional disclosures required by Statement No. 87 of the Financial Accounting Standards Board have not been made as the information is not available.

NOTE 11 - MAJOR TAXPAYERS

The following taxpayers each accounted for at least 5% of the 1993 net assessed property valuation of \$203,481,400.

<u>Taxpayer</u>	<u>Net Assessed Valuation</u>	<u>Percentage of Total Valuation</u>
James River Corporation	\$35,102,300	17.25%
James River Electric, Inc.	12,069,500	5.93%

NOTE 12 - BUDGETED DECREASE IN FUND BALANCE

The \$901,373 budgeted decrease in General Fund fund balance shown on Exhibit C represents \$614,000 budgeted by the City to reduce the 1992 tax rate, \$91,044 of encumbrances, \$171,329 of appropriation carryovers approved by the City Council from fiscal year ended June 30, 1992 and \$25,000 of expenditures budgeted from current year available fund balance.

NOTE 13 - CONTINGENT LIABILITIES - FEDERAL GRANTS

The City participates in the following grant programs:

1. DEPARTMENT OF AGRICULTURE
National School Lunch Program - (Through the New Hampshire Department of Food and Nutrition/Education.)
2. ENVIRONMENTAL PROTECTION AGENCY:
Construction Grants for Wastewater Treatment Works
3. DEPARTMENT OF EDUCATION:
(Grants received by the Berlin School District through the New Hampshire Department of Education) - School Federal Projects.

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

The program compliance audits of these programs for the year ended June 30, 1993 have not yet been reviewed by the grantor agency. Accordingly, the grantor agencies' decision on the City compliance or non-compliance with applicable grant requirements will be established at some future date.

NOTE 14 - REPORTING ENTITY - OVERSIGHT CRITERIA

Oversight responsibility by the City was determined on the basis of selection of governing boards or authorities, appointment of management, budgetary authority, obligation of the City to finance any deficits that may occur, outstanding debts secured by the City and/or significant subsidies from the City. Based upon the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements: Berlin Industrial Development Park Authority, Berlin Airport Authority and Berlin Cemetery Trust funds. The Berlin Water Works and Public Works Pension Trust should be included as part of the reporting entity in accordance with generally accepted accounting standards but the City officials have decided not to include them due to the different fiscal years of the entities.

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds - a Sewer Fund, an Industrial Development and Park Authority, a Court House and the Cates Hill Landfill. Segment information for the year is as follows:

	<u>Sewer</u>	<u>Industrial Development And Park Authority</u>	<u>Court House</u>	<u>Cates Hill Landfill</u>	<u>Totals</u>
Operating Revenues	\$ 839,275	\$ 102,617	\$ 44,463	\$ 55,914	\$ 1,042,269
Operating Expenses					
Before Depreciation	(640,451)	(18,322)	(23,277)	(45,104)	(727,154)
Depreciation	<u>(652,049)</u>	<u>(41,425)</u>	<u>-</u>	<u>-</u>	<u>(693,474)</u>
Operating Income (Loss)	(453,225)	42,870	21,186	10,810	(378,359)
Non-Operating Income (Expense)	<u>16,515</u>	<u>(50,396)</u>	<u>-</u>	<u>8,250</u>	<u>(25,631)</u>
Net Income (Loss)	<u>\$ (436,710)</u>	<u>\$ (7,526)</u>	<u>\$ 21,186</u>	<u>\$ 19,060</u>	<u>\$ (403,990)</u>
Current Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Property, Plant and Equipment:					
Additions	<u>\$ 303,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,448</u>
Deletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets	<u>\$ (133,262)</u>	<u>\$1,560,054</u>	<u>\$ 22,277</u>	<u>\$284,312</u>	<u>\$ 1,733,381</u>
Bonds and Other Long-Term					
Liabilities Payable From					
Operating Revenue	<u>\$ -</u>	<u>\$ 640,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,258</u>
Total Equity	<u>\$24,823,720</u>	<u>\$ 797,715</u>	<u>\$ 21,179</u>	<u>\$284,312</u>	<u>\$25,926,926</u>

(Continued)

CITY OF BERLIN, NEW HAMPSHIRE
NOTES TO FINANCIAL STATEMENTS

(Continued)

NOTE 16 - BERLIN WATER WORKS AND PUBLIC WORKS PENSION TRUST

The Berlin Water Works and Public Works Pension Trust have a fiscal year ended December 31 and are audited and reported on separately from other City funds. Financial data for them has not been included in the Combined Balance Sheet - All Funds, nor have the results of operations and cash flows of the entities for the fiscal year then ended been incorporated into the operating statements of the City. The Berlin Water Works and Public Works Pension Trust should be included as part of the reporting entity in accordance with generally accepted accounting standards but City officials have decided not to include them due to the different fiscal years of the entities.

NOTE 17 - DEFICIT FUND BALANCES

The deficit of the Food Services Fund (Special Revenue) arises because meal charge revenue is not sufficient to meet expenditures. The City anticipates transferring funds from the School in coming years to cover the deficit and/or increasing meal charges.

The deficit of the Wastewater Treatment II Fund (Capital Projects) arises because of expenditures on the project not eligible for Federal reimbursement and in excess of the original City bond. It is anticipated that this will be funded from the other wastewater projects as the funds become available.

NOTE 18 - CONTINGENCY - LITIGATION

There are numerous lawsuits, totaling over \$7,370,000, pending in which the City is involved. The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. The City's insurers should provide coverage and indemnify the City against loss.

NOTE 19 - COMMITMENT

The City is in the process of undergoing a complete reappraisal of property for tax assessment purposes. Total commitment under contract amounted to \$149,000 at year end. At year end, the City had contractual commitments for bridge construction (\$43,541) and Water Works improvements (\$1,080,790).

NOTE 20 - RESTATEMENT OF BEGINNING FUND BALANCES

Beginning Special Revenue Fund fund balances have been restated as follows:

Fund Balance as previously reported	\$ 163,341
Federal Projects - To correct for voided prior year payable	200
Home Health Care - Reported as an Agency Fund in the Current Year	(120,033)
Parks and Recreation Programs - to record beginning balances - previously reported as a General Fund liability	<u>13,830</u>
Fund Balance, as Restated	<u>\$ 57,338</u>



MASON+RICH

PROFESSIONAL
ASSOCIATION

ACCOUNTANTS
AND AUDITORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

August 13, 1993

Honorable Mayor,
City Council and City Manager
City of Berlin, New Hampshire 03570

We have audited the general purpose financial statements of City of Berlin, New Hampshire, as of and for the year ended June 30, 1993 and have issued our report thereon dated August 13, 1993.

We have conducted our audit in accordance with generally accepted auditing standards, "Government Auditing Standards," issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the City for the year ended June 30, 1993, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the City is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

TWO
CAPITAL
PLAZA
SUITE 3-1

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NEW HAMPSHIRE
03301

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(603) 224-2000

23
HIGH
STREET

PORTSMOUTH
NEW HAMPSHIRE
03801

FAX: (603) 436-3150
(603) 436-0906

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- 1) Accounting Applications
 - a) Cash Receipts and Disbursements
 - b) Receivables and Billings
 - c) Accounts Payable and Purchasing
 - d) Payrolls
 - e) Property and Equipment
- 2) Controls Used in Administering Federal Programs
 - a) General Requirements
 - 1) Political Activity
 - 2) Davis-Bacon Act
 - 3) Civil Rights
 - 4) Cash Management
 - 5) Federal Financial Reports
 - 6) Allowable Costs
 - 7) Drug-Free Workplace
 - 8) Administrative Requirements
 - b) Specific Requirements

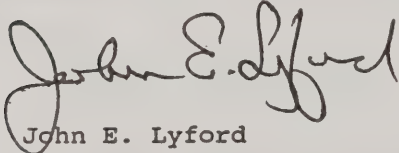
For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design of operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur, and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of the City in a separate letter dated August 13, 1993.

This report is intended for the information of management and State and Federal Audit Agencies. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John E. Lyford". The signature is fluid and cursive, with the first name "John" being the most prominent part.

John E. Lyford
Certified Public Accountant
MASON + RICH PROFESSIONAL ASSOCIATION
Accountants and Auditors

MAYORS OF THE CITY OF BERLIN

The Honorable...

Henry F. Marston	1897 - 1899	Aime Tondreau	1939 - 1943
John B. Noyes	1899 - 1900	Carl E. Morin	1943 - 1946
Frank L. Wilson	1900 - 1901	George E. Bell	1946 - 1947
Fred M. Clement	1901 - 1902	Paul A. Toussaint	1947 - 1950
John B. Gilbert	1902 - 1905	Aime Tondreau	1950 - 1957
George E. Hutchins	1905 - 1908	Guy Fortier	1957 - 1958
Fremont D. Bartlett	1908 - 1910	Laurier A. Lamontagne	1958 - 1962
Daniel J. Daley	1910 - 1915	Edward L. Schuette	1962 - 1965
George F. Rich	1915 - 1919	Dennis Kilbride	1965 - 1966
Eli J. King	1919 - 1924	Norman J. Tremaine	1966 - 1968
J.A. Vaillancourt	1924 - 1926	Earl F. Gage	1968 - 1970
Eli J. King	1926 - 1928	Norman Tremaine	1970 - 1972
Edward R.B. McGee	1928 - 1931	Sylvio J. Croteau	1972 - 1976
W.E. Corbin	1931 - 1932	Laurier A. Lamontagne	1976 - 1978
O.J. Coulombe	1932 - 1934	Leo G. Ouellet	1978 - 1982
Daniel J. Feindel	1934 - 1935	Joseph J. Ottolini	1982 - 1986
Arthur J. Bergeron	1935 - 1938	Roland W. Couture	1987 - 1988
Matthew J. Ryan	1938 - 1939	Leo G. Ouellet	1989 -

CITY MANAGERS OF THE CITY OF BERLIN

Stanley Judkins	1962 - 1966
Joseph Burke	1970 - 1973
James C. Smith	1973 - 1978
Michael L. Donovan	1978 - 1983
Mitchell A. Berkowitz	1983 -

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